BRITISH COLUMBIA
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BCStats

Dan Schrier
(250) 387-0376
Dan.Schrier@gov.bc.ca

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Exports ◆ January 2010

- British Columbia origin exports dipped 1.9% in January 2010 compared to the same month in 2009. This was despite some substantial year-over-year increases in exports to selected Asian nations, including Japan (+21.9%), Mainland China (+21.1%), Taiwan (+185.8%) and India (+170.4%). Shipments to the United States fell 8.7% and exports to the European Union dropped 35.2%.

- Coal and natural gas were the top two exports in January, edging out softwood lumber; however, the value of exports of both coal and natural gas was down from last year. In both cases, the decline was due to a price drop as quantities shipped increased. Coal exports slumped 4.2% in value, but climbed 65.5% in terms of volumes shipped, indicating a substantial price decline. Natural gas shipments fell 14.5% in value, but 11.5% more of the good was exported. However, electricity exports soared (+201.7%) in January and exports of other energy products were also significantly higher (+35.6%), such that overall energy shipments were up 1.5% compared to January 2009.

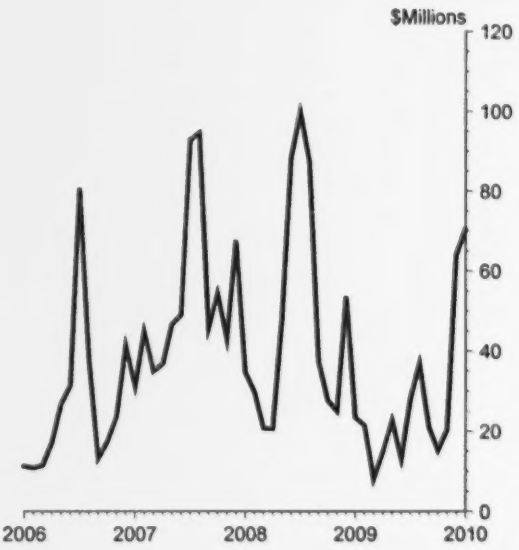
- Exports of solid wood products were up 9.4% compared to January 2009. Most of the increase was due to a 15.7% jump in shipments of softwood lumber, although there was also strong growth in log exports (+161.9%). All other solid wood categories experienced a drop in shipments in January.

- Elsewhere in the forest sector, exports of pulp and paper products slumped 10.3%, led by a 31.9% drop in newsprint shipments. Pulp (-4.9%), paper and paperboard (-15.0%) and other pulp and paper products (-4.4%) also experienced significant declines in exports.

- Exports of copper ores and concentrates were almost five times the value recorded a year ago (+379.9%), which contributed to a 26.0% rise in overall metallic mineral product shipments. This was despite a 56.2% drop in exports of unwrought aluminum and a 2.9% dip in shipments of molybdenum ores and concentrates. Exports of unwrought zinc (+74.1%) and other metallic mineral products (+84.6%) experienced strong growth.

- Machinery and equipment exports fell 13.0%, including a 9.1% drop in shipments of motor vehicles and parts.

Exports of electricity jumped substantially in January



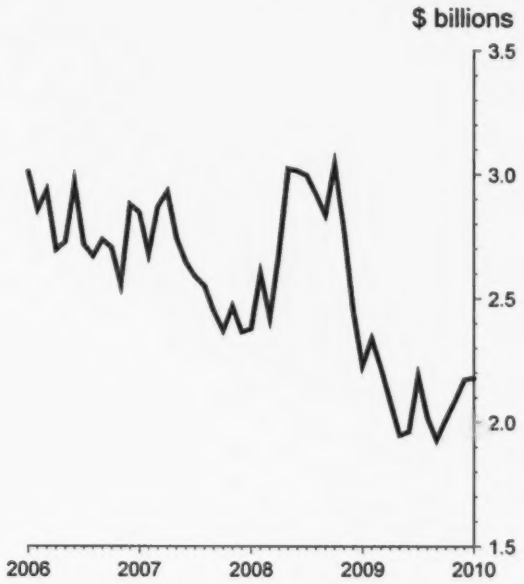
SEASONALLY ADJUSTED EXPORTS

Seasonal adjustment supplies a means of making month-to-month comparisons by removing the regular periodic seasonal fluctuations that occur. Variations from normal seasonal patterns are revealed in the seasonally adjusted data series.

- BC's exports edged up 0.3% in January, marking the fourth consecutive month that shipments have increased. The increase was concentrated in higher shipments of forest (+4.1%) and energy (+3.7%) products as all other major commodity categories experienced a drop in exports.

- Shipments to both the United States climbed 2.4%, mostly on the strength of a 10.3% jump in exports of energy products. However, exports to all other destinations dipped 1.7% as shipments of industrial and consumer goods fell 12.5%.

Exports (adjusted for seasonality) climbed for the fourth straight month in January



BC Exports, Seasonally Adjusted ($Millions)

Month	Agriculture & Fish	Energy	Forest Products	Machinery& Equip, Auto	Industrial, Consumer	Total	Exports to USA
Jan 2008	184	457	812	335	589	2,378	1,352
Feb	201	544	872	330	653	2,601	1,498
Mar	179	581	791	325	548	2,424	1,485
Apr	193	737	814	320	622	2,686	1,531
May	187	845	865	322	805	3,023	1,425
Jun	185	994	796	330	710	3,015	1,542
Jul	181	1,085	811	324	596	2,996	1,647
Aug	200	855	764	345	756	2,920	1,428
Sep	207	872	806	331	621	2,837	1,395
Oct	220	1,009	838	349	624	3,040	1,569
Nov	209	910	738	343	580	2,780	1,427
Dec	205	778	685	322	462	2,453	1,293
Jan 2009	210	619	627	302	472	2,230	1,231
Feb	214	716	630	284	493	2,338	1,218
Mar	204	608	603	271	534	2,219	1,109
Apr	197	575	602	268	441	2,083	1,060
May	192	490	576	273	417	1,948	1,060
Jun	194	509	568	256	435	1,962	1,012
Jul	204	664	588	270	462	2,188	1,024
Aug	177	532	579	250	481	2,019	1,004
Sep	170	501	576	229	454	1,929	1,002
Oct	184	483	580	247	518	2,012	1,037
Nov	175	537	594	249	535	2,089	1,072
Dec	175	593	604	260	540	2,172	1,087
Jan 2010	174	615	628	258	505	2,180	1,113

Stormy Weather: BC Exports in 2009's Economy

By Jade Norton

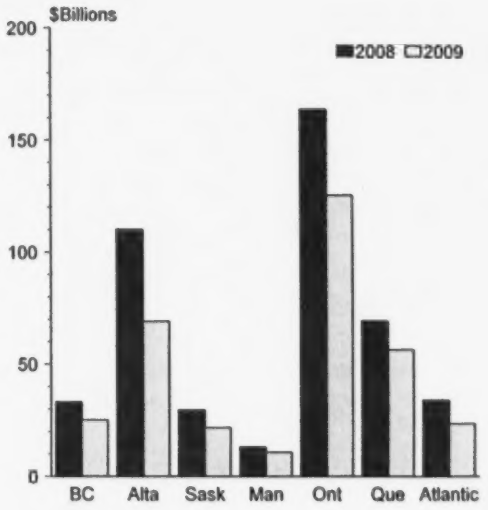
As global economic distress took its toll, 2009 was a challenging year for exporters across the country and British Columbia was by no means exempt. Obstacles included a strong Canadian dollar that hovered at near par with its American counterpart, a slump in demand for forest products and falling prices for coal and natural gas. The global economic crunch was felt across the nation and with its 24.0% decline in the value exports, BC fared better than many other provinces.

Canada's regions see exports depreciate

With the exception of Prince Edward Island, which saw a comparably miniscule decline of 1.8%, every province saw double digit drops in exports last year. Newfoundland and Labrador (-41.8%) and Alberta (-37.1%) were among the hardest hit, with decreases more significant than the Canadian average, which slumped 26.7%.

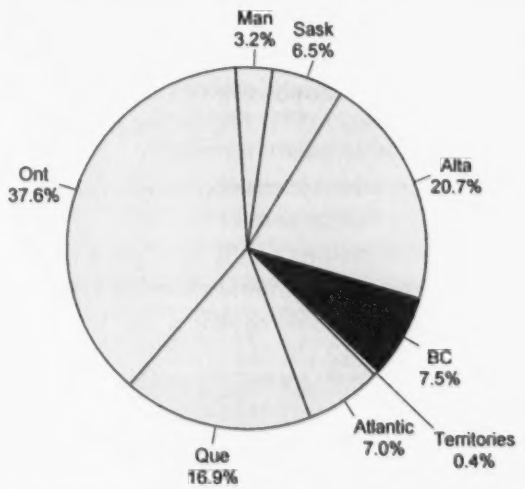
The provincial distribution of shares of overall Canadian exports remained relatively unchanged in 2009. As a source for exports from Canada, British Columbia ranked fourth among the provinces, with just under 8% of goods shipped from the country originating in BC. This was up somewhat from 2008, when BC's share of Canadian exports was slightly over 7%. As the manufacturing centre of Canada, Ontario remained by far the largest source of exports, with over a third (38%) of the nation's goods shipped from that province last year. Alberta, continued to rank second (21%), followed by Quebec (17%).

All regions of the country experienced a drop in the value of exports in 2009



Source: Statistics Canada

BC ranked fourth in the country in terms of the share of Canada's exports in 2009

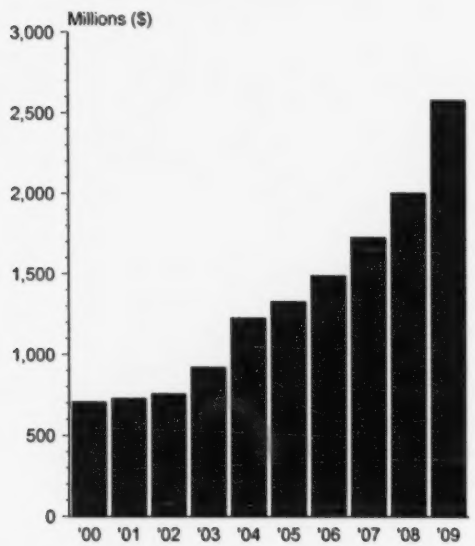


Source: Statistics Canada

China increases imports from BC in 2009

Not surprisingly, exports from BC to most parts of the world dropped off substantially last year. Shipments of goods to the United States were down 26.6%, while exports to other principle trading partners, such as Japan (-31.2%) and South Korea (-15.2%) were also well below 2008 levels. Although the overall export outlook for British Columbia was bleak, one interesting element emerged: a substantial increase in shipments to Mainland China. Between 2008 and 2009, exports of commodities from BC to Mainland China surged 28.7%. This trend has been developing over the past decade. In fact, in 1999, BC exports to China were valued at just $582 million. By 2009, the value of exports had reached $2.6 billion, a leap of 342.0%. The increase in exports to China, coupled with floundering exports to other destinations, caused China's share of total BC origin exports to jump from 6% to 10% between 2008 and 2009.

BC exports to China have climbed substantially over the past decade



Source: Statistics Canada

In terms of commodities, the escalation in exports to China has, for the most part, been centred on raw materials and 2009 was no exception. Shipments of manufactured goods, such as machinery and equipment (-3.4%) and fabricated metal products (-33.6%), dipped last year, while exports of energy (+321.1%), solid wood (+75.8%) and metallic mineral (+71.6%) products saw significant boosts.

Coal prices have eased over the past year and as such, the soaring value of BC's exports of coal to China (+363.0% in 2009) is the result of a surge in volume shipped rather than being strictly price-driven. Coal accounted for nearly a quarter (22%) of BC origin exports to China last year, compared to just 6% in 2008.

China's heightened demand for coal is likely the result of several contributing factors. Although China has a significant domestic supply of coal, many of its mines were forced to close not only in the wake of the global economic crisis but also as the result of the earthquake in May of 2008, which had a significant impact on the coal production in the Sichuan province, as well as many surrounding regions. Also, in an effort to secure energy supply for future use in expansion, China's reserve of coal surpasses that of its petroleum and natural gas, so coal will likely remain at the centre of the country's energy structure for many years to come.

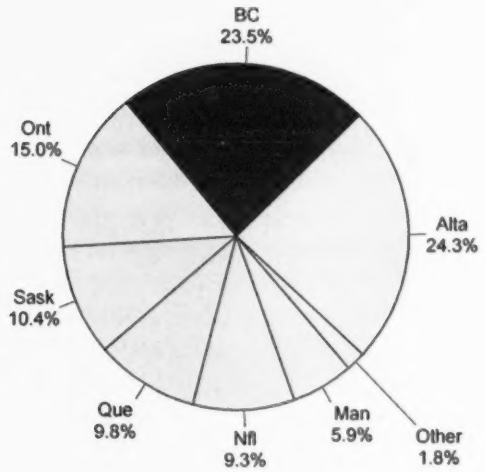
Solid wood products, particularly softwood lumber, have also benefited from demand from China. In 2009, the value of softwood lumber exports to Mainland China nearly doubled (+77.8% from 2008), pushing it closer to Japan as the top overseas destination for BC lumber. Even with its substantial decline in shipments of softwood lumber last year (-26.1%), Japan still ranks well ahead of China in terms of value of lumber exports from British

Columbia ($532 million versus $315 million in 2009).

China's recent strong economic growth, and the ensuing increase in building construction, has undoubtedly impacted its demand for wood products. The Chinese government recently tightened domestic logging regulations and have increased reforestation efforts. Such factors may be partly responsible for the increase in appetite for imported wood.

BC is not the only province to have been impacted by China's demand for raw materials; it has also triggered export growth for several other provinces. Atlantic Canada saw the most notable growth in shipments to Mainland China last year, particularly New Brunswick (+157.0%) and Newfoundland and Labrador (+110.6%). Interestingly, these provinces were also among the most substantially impacted by declining exports to the United States.

BC ranks a close second among the provinces as a source for Canadian exports to China, 2009



Source: Statistics Canada

Shipments of major commodities decline

In 2009, British Columbia's exports fell as a result of several factors. The province's exports are heavily concentrated in forest and mineral commodities. Demand for these products tends to be particularly sensitive to the economic cycle, which made for a particularly vulnerable environment when faced with the collapse of global economies last year.

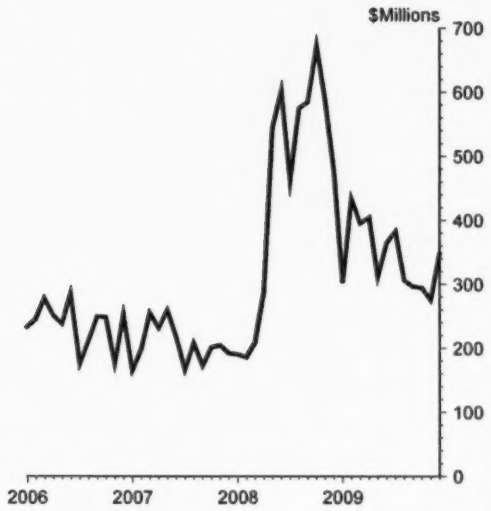
Shipments of total BC commodity exports was pulled down largely by plummeting values for all of the province's largest industries last year. In the midst of the economic downturn, virtually all large commodity groups saw exports decline. Fabricated metal (-31.5%), which saw a surge in 2007 and 2008 when demand from overseas soared, recorded the heftiest decrease, while the value of shipments for machinery and equipment (-19.3%), wood (-23.7%), metallic minerals (-25.0%), pulp and paper (-26.0%) and energy (-29.4%) products also plunged.

The province's energy sector did not fare nearly as well in 2009 as it did in 2008. Losses in this sector were widespread, with electricity, natural gas and coal all recording double-digit drop-offs in international shipments.

Notwithstanding the fact that 2009 resulted in steep downturns all around, when looking back over longer periods, interesting patterns emerge. Partly the result of such high demand from China and despite a slump in the wake of global recession, coal remained the top performer of the major categories of energy products exported from the province in 2009. In 2008, coal replaced softwood lumber as the province's top export, a spot it had held securely for decades. Although down from 2008 ($5.4 billion), at $4.1 billion in 2009, the value of coal exports was still the second highest ever

and remained substantially higher than two years earlier.

Coal continues to be BC's top export despite a substantial drop in shipments in 2009



Source: Statistics Canada

The destinations for coal mined in British Columbia have changed significantly in recent years. The volume of coal shipped to Japan has experienced a substantial decline, while exports to Mainland China have soared. In 2009, the value of coal shipped to China was close to five times that of 2008 (+363.0% to $560 million), while shipments to Japan dropped off (-27.8%).

While coal has recently been on the rise as a commodity export, the value of lumber shipments has dropped for the past five consecutive years, such that, at just over $2.7 billion in 2009, the value was less than half what it was just three years prior ($5.8 billion in 2006). Lumber shipments to every destination declined in 2009, with the exception of Mainland China. Shipments of softwood lumber to this country have been rising steadily over the past decade, but it has not been enough to offset declining exports to other parts of the world, particularly south of the border. As a whole, solid wood products, which includes softwood lumber as well as logs and other types of wood products, was a significant driver of the slump in the overall value of BC exports in 2009 (-23.7% from 2008).

The subprime mortgage crisis in the US housing market, and the overbuilding that took place in 2007 and 2008, set the stage for a lull in American housing starts. As a result, a substantial decrease in demand for building products from BC, such as softwood lumber, ensued last year. In 2009, housing starts in the US plummeted 38.7%, on the heels of a similar decrease in 2008.

Declining exports of softwood lumber coincides with slow-down in US housing starts

Source: Statistics Canada

As the US takes in almost two-thirds of BC origin exports, the health of its economy and the quantity of its housing starts inevitably impacts

the strength of BC exports. The less American manufacturers are producing, the fewer materials they will require. If American consumers continue to cut back on spending, that will also translate into less demand for BC products.

Canadian dollar continues to impact

A factor that inevitably impacts spending as well as the value of BC exports is the exchange rate. The value of Canadian exports will also continue to decline if the prices exporters receive do not increase to a level sufficient to offset the effects of an appreciating exchange rate. Last year marked the third year whereby the Canadian dollar hovered at or close to parity with its American counterpart. The American dollar has depreciated significantly against Canadian and many other world currencies in recent years, which usually results in a lower value of exports from Canada. Although the appreciation of the Canadian loonie slowed in 2009 compared to 2008, the closing rate at the end of the year (US $0.95 in December, 2009) was significantly higher than in December of 2008 (US $0.81). From the beginning of 2003 to the end of 2009, the Canadian dollar appreciated approximately 32% against the US dollar.

Looking ahead

Given the size of China's economy, it is inevitable that it will play a significant role in the recovery from the global economic downturn. Nevertheless, the United States remains Canada's largest trading partner, two-way commodity trade (exports plus imports) between Canada and the US far exceeding that of China or any other country.

There are signs that the global economy is beginning to recover from the recession, which could boost demand for commodities from other large players in Canadian and BC exports, such as Japan and the European Union.

Recent Feature Articles in Exports Release
Listed by Statistical Reference Date of Issue

10-01 *Stormy Weather: BC Exports in 2009's Economy* (released March 2010)

09-12 *Provincial Export Comparison* (released February 2010)

09-11 *BC's Exports to Oceania Watered Down in 2009* (released January 2010)

09-10 *High Dollar Spurs Capital Investment* (released December 2009)

09-09 *BC's Pulp and Paper Exporters Facing Challenges* (released November 2009)

09-08 *China Continues to Buy BC Goods* (released October 2009)

09-07 *Energy Exports are Powering Down...For Now* (released September 2009)

09-06 *Adding Some Heat to Trade with India* (released August 2009)

09-05 *Trade with the Other Americas* (released July 2009)

09-04 *The State of Canada's Trade with the USA* (released June 2009)

09-03 *British Columbia's Trade Balance Tipped in Favour of Imports* (released May 2009)

09-02 *Fifteen Years of Free Trade with Mexico* (released April 2009)

09-01 *Twenty Years of Free Trade with the United States* (released March 2009)

08-12 *Canada Seeks Trade Deal with the European Union* (released February 2009)

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08-10 *Import Content of BC's Exports* (released December 2008)

08-09 *BC's Trade in High Technology Goods* (released November 2008)

08-08 *Milking the System: Is Canada's Supply Management System an Impediment to Free Trade?* (released October 2008)

08-07 *Charting BC's Exports* (released September 2008)

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08-05 *Asia Offers Potential as a Destination for BC Exports* (released July 2008)

08-04 *The Price is Right for Coal Producers in BC* (released June 2008)

08-03 *Border Line Threats to Trade* (released May 2008)

08-02 *Call of the Loonie: American Film and Television Productions Shun BC in 2007* (released April 2008)

08-01 *BC Commodity Exports: Year in Review 2007* (released March 2008)

07-12 *Canada and Peru Agree on Free Trade* (released February 2008)

07-11 *Over 100 Years of Canadian Exports* (released January 2008)

07-10 *BC's Commodity Exports Are Still Largely Forest-Based* (released December 2007)

NOTES

Countries Included Within World Regions:

(1) Western Europe: United Kingdom, Ireland, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland.

(2) Eastern Europe: other Europe, including all of Russia, Georgia, Kazakhstan, Kyrgyzstan, Moldova, etc.

(3) South East Asia: Malaysia, Brunei Darussalam, Singapore, Myanmar, Kampuchea, Laos, Indonesia, Philippines, Thailand, Vietnam.

(4) Africa: continental Africa, excluding Ethiopia, Libya, Somalia, Sudan, Egypt.

(5) South America: continental South America from Colombia and Venezuela south to Chile and Argentina, including offshore islands, but not Caribbean.

(6) Central America and Caribbean: from Guatemala and Belize to Panama, plus Caribbean Islands.

(7) Pacific Rim (including Japan): Japan, Hong Kong, Malaysia, Brunei Darussalam, Singapore, Laos, Mongolia, China, Indonesia, North Korea, South Korea, Philippines, Macau, Taiwan, Thailand, Vietnam, Australia, Fiji, New Zealand.

(8) Pacific Rim: as above, but excluding Japan.

(9) Middle East: from Turkey and Iran south through the Arabian Peninsula. Excluding Afghanistan and Pakistan, but including Cyprus, Ethiopia, Egypt, Somalia, Sudan and Libya.

The **European Union** is the membership as of January 1, 2007: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

'Selected Value-added Wood Products' category includes prefabricated houses, doors, windows, furniture, moulding, siding, etc. It does not include panel products, shakes, shingles or any pulp and paper products.

Revisions

Statistics Canada revises trade data for the previous three data years with release of the December data. The revision number is indicated in the footer of the tables (e.g., Rev 1 is the first annual revision, etc., and Prelim indicates it is the first release of data to December for that year). In addition to annual revisions, Statistics Canada revises the data for the previous data year every quarter (indicated in the footer by Rev Q1, etc) as well as with the release of the January and February data.

Service Offered for Detailed Trade Statistics

For BC government statistics users requiring more detailed information on exports or imports, a special report service is offered through the address below:

Dan Schrier
BC Stats
P.O. Box 9410 Stn Prov Govt
Victoria, B.C. V8W 9V1
(250) 387-0376

This service is provided through the Trade Research and Inquiry Package (TRIP) computer reporting system. TRIP offers user-defined tabulations of export or import statistics for BC, Canada, the United States and other countries. Tabulations can include information on commodities, countries, US states, years, months, mode of transport, etc.